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Bundled Payment for Medicare Post-Acute Care Episodes: Effects of Inpatient and Post-Acute Institutional Services

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Description of Study and Method: This paper examines several issues surrounding the interrelationship between inpatient hospital and post-acute care (TEFRA rehabilitation, SNF, TEFRA Long-term care hospital) and charges for Medicare beneficiaries. In particular, what is the effect of inpatient rehabilitation care on post-acute care and total episode charges. Data from the 1992 Episode Database drawn from National Claims History files are used.

Major Findings: Intensity of inpatient hospital rehabilitation care significantly increased post-acute care charges and total episode charges in each of the post-acute care settings examined.

Post-acute care charges were a greater percentage of total episode charges for post-acute care provided in rehabilitation hospitals (50.8 percent) than post-acute care provided in SNFs (33.5 percent).

Across all three post-acute care settings examined, the impact of inpatient stay condition and rehabilitation provided in hospitals on post-acute and total episode (combined acute and post-acute) charges suggest the plausibility of bundled payment for inpatient acute care/post-acute care episode.



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